

~~TOP SECRET~~

814

EUROPE

1. **FRANCE: Government sees improvement in strike situation--**
Premier Queuille has informed US Ambassador Caffery of his belief that the French strike situation has taken a turn for the better, although he expects the Communists to try desperately to prevent a government success with the coal miners. An

25X1 [] has told [] that he believes the 25X1
government will emerge from the present dangerous period
considerably strengthened. [] indicates 25X1
that: (a) the danger of railway stoppage no longer exists; (b)
the Lorraine steel strike is on the point of settlement; and (c)
lack of enthusiasm and insufficient strike funds will cause the
coal miners to return by 20 October. The Embassy, which has
been told by "trustworthy observers" that the Communists
give evidence of having large funds at their disposal, believes
that the Kremlin will furnish the French Communists any
money they may need for sabotaging the national economy.

(CIA Comment: CIA believes that the Government is
showing an increasing capability of halting the present wave
of strikes, but that: (a) the Communist-dominated miners'
union will be able to prolong the coal strike beyond 20 October;
and (b) the Queuille Government will be unable in the long run
to reverse the fundamental economic and political trends which
are working toward its downfall.)

NEAR EAST-AFRICA

25X1

2. **INDIA: Change to pro-US attitude reported--** []

25X1

25X1 [] that:
(a) Prime Minister Nehru is no longer pro-Soviet; (b) the basic
position of the Government of India (GOI) has shifted away from
the USSR; (c) the attitude of the GOI toward the US is markedly
different from that of a year ago; and (d) in any crisis there
would be no doubt where India stood.

(CIA Comment: CIA believes that because of India's
tendency to be opportunistic in advancing its national aspirations,
India cannot be depended on to maintain any pro-western attitude.)

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1 NO CHANGE in Class. ☐

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CLASS. CHANGED TO: TS S C

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628

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THE EAST

3. CHINA: Imminent fall of Chinchow--US Embassy Nanking reports that the fall of Chinchow (also called Chinchow, a key Nationalist supply base linking Manchuria with North China) is imminent. The Embassy believes that Tientsin and Peiping are also seriously threatened by the current Communist offensive in North China. The Embassy indicates its intention, if Chinchow falls, to advise the Peiping and Tientsin Consulate Generals to warn US citizens in their districts to leave while normal facilities are available, although the Embassy realizes that such action would have adverse effects on the military and economic situation of the National Government.

(CIA Comment: CIA believes that the Nationalist forces will be unable to prevent the fall of Chinchow. Through the capture of this key city, the Communists will gain: (a) virtual control of the Manchurian corridor; (b) possession of large stores of supplies destined for Nationalist forces in Mukden; and (c) an excellent base for operations southward against the Peiping-Tientsin area. In addition, the capture of Chinchow probably would presage the fall or evacuation of Mukden, thereby releasing the majority of Communist troops in Manchuria for a North China drive.)

- 2 -

~~TOP SECRET~~